In the Supreme Court of the United States

OCTOBER TERM, 1933.

KEYSTONE DRILLER COMPANY, *Petitioner*, vs. GENERAL EXCAVATOR COMPANY, *Respondent*.	No. 34.
KEYSTONE DRILLER COMPANY, *Petitioner*, vs. GENERAL EXCAVATOR COMPANY, *Respondent*.	No. 35.
KEYSTONE DRILLER COMPANY, *Petitioner*, vs. THE OSGOOD COMPANY, *Respondent*.	No. 36.
KEYSTONE DRILLER COMPANY, *Petitioner*, vs. THE OSGOOD COMPANY, *Respondent*.	No. 37.

MAIN BRIEF FOR PETITIONER.

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MAIN BRIEF FOR PETITIONER.

Status: These causes are before this Court as a result of a petition for certiorari to the Sixth Circuit Court of Appeals granted by this Court; 77 L. Ed. 1013 (Advance Sheets). The petitioner, Keystone Driller Company, was the plaintiff in the trial Court, the appellee and the cross-

appellant in the Court of Appeals. Each The Osgood Company and General Excavator Company were appellants and cross-appellees in the Court of Appeals. The two suits were tried together in the lower Court and presented together in the Court of Appeals.

These suits are patent infringement suits, but the question here involved relates to alleged "unclean hands"[1] and its materiality to causes akin to that in which such "unclean hands" is alleged to have been practiced.

The case is before this Court on certiorari to the Sixth Circuit Court of Appeals. The grounds of the Court's jurisdiction and other formal and procedural matters are set forth in the petition and the briefs of the petitioner applying for the writ of certiorari.

The specific question presented by the petition for certiorari as stated at page 2 thereof is:

> "Where a plurality of equitable causes of action are joined in one suit, as permitted by General Equity Rule 26, and where one of such causes is sullied so as to justify dismissal from an equity court under the 'unclean hands' maxim, should all of the other and unsullied causes of action likewise be dismissed along with it?"

The Opinions of the Courts Below: In the first, or Byers, case, the opinion of the Court of Appeals in the Sixth Circuit on the patents appears at 44 Fed. (2) 283, and, of Judge Jones, the trial Court, at R. Vol. I, pp. 14-16, ... Fed. Sup. ...[2] The opinion of Judge Jones on the question of "unclean hands" matters is reported at .... Fed.

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[1] The nature of the acts constituting the alleged "unclean hands," though of collateral interest here, are set forth in detail in Appendix A that this Court may review them if it seems advisable to the Court to do so.

[2] We are advised that this opinion will be reported in the Federal Supplement early in the fall of 1933.

Sup. ....,[3] and appears at pages 2 to 5 of Vol. V of the record. The dismissal by the Sixth Circuit Court of Appeals of the appeal from Judge Jones' opinion on the "unclean hands" question appears at 63 Fed. (2) 996. The opinion of Judge Hahn, the trial Judge in the instant cases, has not been reported. It appears at pages 1067 to 1100 of Vol. II of the record. The opinion of the Sixth Circuit Court of Appeals in the instant cases appears at 62 Fed. (2) 48 and at page 119, Vol. V of the record, and the opinion of the same Court on rehearing appears at 64 Fed. (2) 39 and at page 157, Vol. V of the record.

Statement of the Case: All together six patents have been involved in this litigation which we will designate respectively the Clutter, the Wagner, the first Downie (1,511,114) (the alleged spilled one), the second Downie, the third Downie and the fourth Downie patents. All relate to ditching machinery and, except for the third Downie, all have been held valid by every Court ruling on any of them.

Prior to the filing of the instant suits, three of the patents (the Clutter, the Wagner and Downie, No. 1,511,114) involved here were in the Byers suit with the second Downie patent, in which case these four patents were held valid by the District Court in Cleveland (R. Vol. I, pp. 10-13), and by the Sixth Circuit Court of Appeals (44 Fed. (2) 283).

After the decision of the District Court in the Byers case the instant suits were filed on the Clutter, the first Downie (1,511,114) patent and the second Downie patent. Motions were made for preliminary injunctions on each of the patents adjudicated in the Byers case, which were denied, but in lieu thereof, certain bonds were required and posted. Later Supplemental Bills were filed including th

[3] This opinion, we are advised, will be reported in the Federal Supplement early in the fall of 1933.

fourth and fifth Downie patents which issued after the filing of the original Bill and after the preliminary injunction proceedings were submitted.

Upon evidence presented by our adversaries the District Court in the instant suits held in effect that Petitioner had, by taking an affidavit of one Clutter prior to the institution of the Byers suit[4] (Vol. II, p. 1091), practiced a fraud in the Byers, or original, case relative to the evidence of said Clutter regarding an alleged use urged as an anticipation of some of the claims of the first Downie patent (1,511,114) only. The District Court in these cases, however, held that there was no suppression or attempted suppression of evidence, no fraud, and no "unclean hands"[5] in the instant suits and that there was therefore no bar to the relief sought in these suits. (R. Vol. II, pp. 1099 and 1100). Decree was therefore for plaintiff on three of the five patents in suit including Downie patent 1,511,114. One patent was held invalid and another not infringed.

Thereupon counsel for the Byers Company applied for leave to reopen the Byers case to take the evidence regarding suppression and for a rehearing thereon, which application was presented to the Court of Appeals for the Sixth Circuit which, upon agreement of counsel, referred the case to the District Court (His Honor Judge Jones) at Cleveland to see and hear the witnesses and decide if there had

[4] "And even if the situation were in fact as Downie testified he believed it to be, the taking of the affidavit as he did would have been a reprehensible act, a fraud upon the courts who might subsequently consider the matter, a fraud upon subsequent claimed defendant infringers and upon the public who had a right to the benefit of the patent if it had in fact been abandoned to the public."

[5] "In these cases defendants' counsel had the testimony of Clutter when he was hostile to the plaintiff. They had all of the exhibits which have been commented upon herein and which tell the entire story with more accuracy than any witness who could testify with reference to them. There was in no sense a suppression of any evidence in these cases."

been conduct amounting to fraud or "unclean hands" in the Byers case. (See Appendix B to this Brief.)

Reopening and rehearing were had. The parties appeared with Mr. Downie, the accused, the accusing witness Clutter, and other witnesses before Judge Jones who saw and heard the witnesses, and where the matter of unclean hands was otherwise thoroughly gone into and thereupon Judge Jones found against defendants' claim of suppression and reaffirmed the validity of the first Downie patent (Vol. V, pp. 2 to 5), holding that there was no "unclean hands" and no fraud in the original (or Byers) case. (Decree at Vol. V, pp. 109 and 110.)

An attempt to appeal from such order of Judge Jones was dismissed by the Court of Appeals of the Sixth Circuit. (63 Fed. (2) 996.)

Nevertheless, the Court of Appeals of the Sixth Circuit, upon a hearing of appeals and cross-appeals in the instant cases, thought it

> "*quite obvious* that the credit which had been agreed upon was given to Clutter upon the *implied* condition that he should keep secret the details and circumstances of that prior use" (Vol. V, p. 120)
>
> (Emphasis ours throughout unless otherwise indicated.)

as affecting the Byers case and that by reason thereof Petitioner came into Court with unclean hands as to Downie patent, No. 1,511,114 only, and that these actions should be dismissed not only as to Downie patent, No. 1,511,114, but as to all the other patents and causes of action.

Neither the District Court nor the Court of Appeals in the instant cases thought there was any wrongful conduct on the part of Petitioner relating to any of the patents in suit other than the Downie patent, No. 1,511,114. The finding of wrongful conduct by the District Court and the

Court of Appeals in these cases related solely to an item of defense urged by Respondents against this one patent which was neither urged by the Respondents nor in any way material to any of the other patents in suit.

The Court of Appeals of the Sixth Circuit nevertheless reversed the District Court in each of the appeals and cross appeals and directed that the Bills of Complaint be dismissed as to all of the patents without prejudice. (R. Vol. V, p. 1214)

The above statement has been limited largely to matters upon which the specific questions presented in the petition are based. The general facts are found in Appendix A to this brief.

THE LAW.

I.

Where causes are joined and one only is nullified the unnullified causes will not be dismissed. Proceeding may be had in equity in the unnullified causes as if none were nullified.

In re Mercerfield, 46 Fed. (2) 665 (D. C. N. D. Cal.); (Affirmed *Williams vs. Levy* (C. C. A. 9) 54 Fed. (2) 18);

Maatschappij vs. Kosloff, 45 Fed. (2) 94 (C. C. A. 2);

Barnes vs. Barnes, 282 Ill. 593;

Munn vs. The Americana Co., 83 N. J. Eq., 309; 91 Atl. 87; L. R. A. 1916, D 116;

Harris vs. Harris, 208 Ala. 20, 93 So. 841;

21 *Corpus Juris*, Sec. 173, p. 188.

II.

Equity "is not an avenger of wrongs committed at large by those who resort to it for relief."

Kinner vs. L. N. & M. N., 69 Ohio St. 330, 344, 69 N. E. 614;

Miller vs. Berry (Fla.) 82 S. 764, 765;

Bateman vs. Ferguson, 4 Fed. 32;

Liverpool & London & Globe vs. Clapp, 88 Fed. 160, 169;

Chute vs. Wisconsin Chem. Co., 185 Fed. 115;

Edison vs. Squeger Man, 53 Fed. 592 (C. C. A. 2);

21 *Corpus Juris*, Sec. 173, pp. 187 188.

III.

The wrongful conduct must be directly connected with and be material to the particular matter in litigation.

Beatty vs. Tibbals, 223 Fed. 247 (C. C. A. 2);

Cropper vs. Davis, 243 Fed. 310 (C. C. A. 8);

Pomeroy's Equity Jurisprudence, Fourth Edition, Sec. 399.

IV.

Fraud must be proved; it cannot be implied or presumed. The burden of proving fraud is on him who asserts it. Fraud cannot be built up one inference on another.

Looney vs. Metropolitan R. R., 200 U. S. 480, 488;

Tucker vs. Traylor, 48 Fed. (2) 783 (C. C. A. 10);

Raines vs. Ligon, 37 Fed. (2) 633;

Chute vs. Wisconsin, 185 Fed. 115.

ARGUMENT.

(1) It is manifest that the purpose of General Equity Rule 26* was to accomplish economy in litigation by inducing litigants to submit all their causes in one suit and such has been the result of the rule. To reject good causes because it develops after expensive and lengthy litigation that one of the causes is bad would largely defeat the purpose of the rule, for litigants would become wary of joining a plurality of causes in the same suit when, if it developed that one of the causes was bad, all the work and much of the expense of the first suit must be incurred again. The question in various forms has been presented to the Courts since the rule was promulgated and in every instance except the instant case only the bad cause has been dismissed while the suit has proceeded with the other and good causes.

In *Maatschappij vs. Kosloff*, 45 Fed. (2) 94, 96, (discussed in detail in our briefs on the petition) the Second Circuit Court of Appeals held that the plaintiff was entitled to a decree in an unfair competition cause irrespective of whether or not a trade mark cause which was interlocked with it was bad because of unclean hands relating to perjury as held by the District Court. The Court stated what we understand to be the correct rule in the following language:

> "While, in view of the conclusion reached by us as to unfair competition, it may not be absolutely es-

* The plaintiff may join in one bill as many causes of action, cognizable in equity, as he may have against the defendant. But when there are more than one plaintiff, the causes of action joined must be joint, and if there be more than one defendant the liability must be one asserted against all of the material defendants, or sufficient grounds must appear for uniting the causes of action in order to promote the convenient administration of justice. If it appears that any such causes of action cannot be conveniently disposed of together, the court may order separate trials.

sential to determine the question of trade-mark, on the conflicting evidence before us, and in the light of that decision, we concur in the conclusions therein reached. Irrespective, however, of the validity of the trade-mark, we concur in the holding of the trial judge that, even if the claim, asserted by the registration, of a ten year use of the mark prior to 1905, means such use in this country and if such claim were false, so that plaintiff would be unable to assert rights under the trade mark, it would not thereby be prevented from obtaining relief against unfair competition in the sale of its goods; wrongdoing directly connected with the right sought to be vindicated may on the doctrine of 'unclean hands' deprive one of a remedy against piratical attacks on that property right; it does not outlaw the wrongdoer and leave him without protection in the vindication of other, though closely connected, rights. *Straus vs. Notaseme Co.*, 240 U. S. 179, 36 S. Ct. 288, 60 L. Ed. 590."

In the case of *In re Meyerfield*, 46 Fed. (2) 665, affirmed 54 Fed. (2) 18 (C. C. A. 9) (discussed in detail in our brief on the petition) the Court proceeded with a cause relating to a resulting trust though a cause relating to a deed interlocked therewith was found bad for unclean hands because of forgery.

Under the rule the universal practice has been to decide each cause of action on its own merits irrespective of the disposition of any other causes joined therewith, the only difference being that the causes are tried and considered together. In a suit on two patents, for example, the holding of one patent invalid does not affect the other which is in turn adjudicated upon its own merits. In *Leeds and Catlin vs. Victor Talking Machine Company*, 213 U. S. 301, 53 L. Ed. 805, this Court held that each invention claimed in a patent is a separate cause of action, and that the expiration of one claim by reason of the expiration of a foreign patent cannot affect the validity of another claim

in the same patent to a different invention. Likewise where the Court properly has jurisdiction of one cause of action, but not of another joined therewith, such other cause of action is dismissed and the case proceeds upon the one upon which the Court has jurisdiction. *General Fireproofing Mfg. Co. vs. Karpen, et al.*, 238 U. S. 254, 59 L. Ed. 1295.

In *Kansas City vs. DeVol*, (81 Fed. 726), the Court of Appeals in the Eighth Circuit refused to dismiss as to all of the patents in suit where plaintiff failed to establish its title or to show infringement with respect to one of the patents in suit.

In *Sly vs. Central Iron* (201 Fed. 683) the Court of Appeals in the Seventh Circuit refused to dismiss a bill as to all of the patents when it was found that equity did not have jurisdiction in the case of one of them.

The decision of the Court of Appeals in the instant case is therefore in direct conflict with the decision of the Second Circuit Court of Appeals in *Maatschappij vs. Kosloff* and the District Court of California in the *Meyerfield* case, and in general conflict with the practice in *Leeds vs. Victor, General vs. Karpen* and would, if it were the law, do much to defeat the purpose of Rule 26.

Assuming that separate suits had been instituted on each of the patents in suit and the Court had found unclean hands in one only of the several suits would all the suits have been dismissed? Certainly not! A Court is not an avenger of wrongs committed at large. Did this Court intend to change that precept by promulgating Rule 26? We think not.

It is no answer to say that the bill alleged joint use and patents capable of joint use might have been joined before the promulgation of Rule 26 for the following reasons:

(A) Rule 26 supplanted and superseded all other procedure for joining causes.

(B) The answer denied conjoint use while the Bill pleaded conjoint and several use. Under the old procedure joinder was not required even where there was conjoint use.

(C) The Court of Appeals said correctly (Vol. V, p. 158):

> "Prior to the adoption of the new equity rules, the question (which we now present to this Court) could never have arisen for a bill covering multiple causes of action would have been bad for duplicity."

This Court has held that it will accept a finding of the lower Court on such collateral facts. *Varner vs. New Hampshire Savings Bank*, 240 U. S. 617; *I. T. S. vs. Essex*, 272 U. S. 429, 433.

(D) Even under the conjoint use practice of joinder, a bill was not dismissed as to all patents where one failed. The practice was to dismiss only as to the one patent. (*Sly vs. Central Iron*, 201 Fed. 683, 686 (C. C. A. 7); *Kansas City vs. De Vol*, 81 Fed. 726, 731 (C. C. A. 8); *American Wood Paper vs. The Fiber Disintegrating Company*, 23 Wall. 566; *Giant Powder vs. California Powder*, 8 Otto. 166; *The Corn Planter patent*, 23 Wall. 181; *Hyndman v. Roots*, 7 Otto 224; *Deering vs. Winona*, 155 U. S. 284; *Lowden vs. Janesville*, 141 Fed. 975, (C. C. Wis.), aff. 148 Fed. 686, (C. C. A. 7); *Chisholm vs. Johnson*, 106 Fed. 191 (C. C. Del.).)

(E) In their brief on the petition defendants contended that the proofs regarding the various patents was "commingled" and could not be "unscrambled," but the evidence regarding patent No. 1,511,114 is presented separately from that of the other patents. (Vol. 1, pp. 235-240, 311-313, 623-644 and other places in the record.)

(2) A Court of Equity "is not an avenger of wrongs committed at large by those who appeal to it for relief" and will not range afield to avenge such wrongs. Such a Court will not avenge wrongs except those directly connected with the matter in litigation. These are well established and sound rules and are applicable in the premises. (See Section of this Brief entitled Law—II.)

(a) By implication alone[7] the Court of Appeals arrived at the conclusion that there was conduct amounting to "unclean hands" in relation to an alleged defense to patent 1,511,114 and to no other patent in suit. This defense is claimed to anticipate only some of the claims of that Downie patent (1,511,114) in suit.[8] The Joplin work is subsequent to the filing date of the Clutter patent in suit. Judge Jones held that the defense was immaterial to any claim in the Byers suit. (Vol. V, pp. 2-5.) Judge Hahn held that the defense was immaterial to any claim in the instant suits.

Truly equity would be ranging far afield to dismiss the causes on the other patents in suit when it has been held by both District Judges that the acts are immaterial not only to these other patents but to patent 1,511,114 and where the claim of the defendant is limited to some only of the claims of patent 1,511,114.

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[7] (Vol. V, pp. 120 and 123):

"But it is quite obvious that the credit which had been agreed upon was given to Clutter upon the implied condition that he should keep secret the details and circumstances of that prior use—that so far as he was able to produce this result the evidence which caused the patentee uneasiness was to be suppressed."

* * * * *

"The only possible effect of such conduct was to suppress Clutter's testimony, or, if the facts came to the knowledge of the defendant, to make him an adverse or unwilling witness."

[8] In the Byers suit all 14 of the claims of this patent were in suit and sustained. In the instant case claims 6 to 14 are in suit. Defendants allege that only claims 6, 9, 10, 12 and 13 are anticipated out and out by the Joplin defense.

(b) In the instant case the "acts" are immaterial for the further reason that the evidence alleged to have been suppressed was before the Courts in the instant cases. As Judge Hahn said, no evidence was suppressed in the instant cases. (R. Vol. II, pp. 1099 and 1100.) It was, moreover, immaterial since he sustained patent 1,511,114 notwithstanding the evidence which by implication the Court of Appeals found to constitute "unclean hands" in the Byers case. There is no warrant for the dismissal of causes on patents joined, under Rule 26, to a cause on another patent which latter cause is said to be bad because of evidence, not suppressed but before the Court here, merely because the Court of Appeals by implication alone found that such evidence was suppressed in a companion (the Byers) case, especially when the trial Judge (Jones) found that it was not even suppressed there. (Vol. V, pp. 4 and 5.)[9]

(c) [10] But the evidence was not suppressed in the Byers case. The accusing witness Clutter so admitted on

[9] "No satisfactory showing of the Joplin use appearing, there was no suppression affecting the rights of the defendant. Upon that phase of the case, however, I find that Downie endeavored to secure for his own protection whatever rights Clutter may have had to the improvement, for the purpose of avoiding any trouble in sustaining his patent, together with the denial of prior use by Clutter. I find that Downie did not successfully accomplish this purpose; that such arrangement as was entered into with Clutter was breached prior to trial of this case, and that Clutter was under no suppressive influence or obligation at that time respecting his alleged invention or prior use. I find there was no suppression of evidence materially affecting the defendant's rights."

[10] We are at this point probably passing beyond the scope of the specific question presented in the petition for certiorari but we think still within the scope of the practice announced by this Court in *Delk vs. St. Louis & San Francisco Railroad Co.*, 220 U. S. 580, 55 L. ed., 590; *Panama Railroad Company vs. Napier Shipping Co.*, 166 U. S. 280, 41 L. Ed. 1004; *Cole v. Ralph*, 252 U. S. 286, 64 L. ed. 567; *Lutcher vs. Knight*, 217 U. S. 257; *Olmstead vs. U. S.*, 277 U. S. 488; *United States vs. Elliott*, 3 Fed. (2) 497.

cross examination (R. Vol. V, pp. 35 to 50), and the trial Judge (Jones) so found. (Vol. V, pp. 2, 4 and 5.) No evidence having been suppressed equity would truly be exceeding proper limits to dismiss suits on the other patents because it is alleged but disproved that evidence was suppressed regarding patent No. 1,511,114.

(d) All the Courts ruling on the question have found that the Joplin evidence did not anticipate or otherwise invalidate any of the claims of patent 1,511,114 and was therefore immaterial even to that patent. (Judge Jones went further and ruled that the work was merely an abandoned experiment (*Deering vs. Winona*, 155 U. S. 286) and had not been proved. (Vol. V, p. 4.)[11] (*Barbed Wire Case*, 143 U. S. 275.) The Court of Appeals stated that it was not disturbing this situation. (R. Vol. V, p. 158.)[12] Equity would indeed be ranging afield to dismiss the causes on the other patents because of alleged improper acts regarding a defense immaterial to patent 1,511,114 or any other cause in the suit for three separate and several reasons.

(e) The Court of Appeals did not find that the evidence was suppressed; it found that it was "quite obvious" that Mr. Downie's acts were with "the implied condition" that Clutter should keep secret (Vol. V, p. 120) that "it would seem that the parties considered the continued silence of Clutter as essential" (Vol. V, p. 121), and that "the only possible effect of such conduct was to suppress

[11] "I find that the Joplin machine was not satisfactory; that it was never perfected to the point of successfully accomplishing the result claimed for it; that it was an abandoned experiment. My conclusion is that it was not a prior use constituting an anticipation of the Downie patent."

[12] The Court of Appeals said:

> "On the other hand, we have not held any of the patents in suit invalid nor adjudicated any of the rights of the parties *inter sese*."

Clutter's testimony." All these are inferences of the Court in direct conflict with Clutter's testimony that he did not suppress the evidence (Vol. V, pp. 35-50) and with the finding of Judge Jones, who saw and heard Clutter and Downie testify (Vol. V, pp. 4 and 5), that Clutter was under no suppressive influence. (Vol. V, p. 5.) Certainly equity is going too far in dismissing the causes on the other patents because the Court of Appeals thus implies fraud or finds fraud regarding patent 1,511,114 only on inferences which are unwarranted. (Authorities cited in Section of Law—IV hereof.)

(f) Clutter is unworthy of belief. Judge Jones found that he had repudiated his own affidavit and that he had testified falsely. (Vol. V, p. 2.) He admitted undertaking to sell evidence under an assumed name and ceased such efforts only when and because told there was no market for it. (Vol. V, pp. 54-58.) Judge Hahn said the plaintiff was approached by one of Clutter's brothers and another with propositions having "a blackmailing aspect." (Vol. II, p. 1098.) Clutter is the kind of a man who passes bad checks. (Vol. II, p. 1000.)

Clutter said he did not know the Notary, he did not know he was signing an affidavit, that it was signed at his home, that he did not know what was in it and did not swear to it. (Vol. V, pp. 45 and 47.) The Notary Burge said he had known Clutter for a year before his affidavit was signed (Vol. V, p. 105), that Clutter signed the affidavit in the Sheriff's office (Vol. V, p. 106), that Clutter swore to the affidavit before him (Vol. V, p. 107), and that either Clutter read the affidavit or it was read to him by or before the Notary. (Vol. V, p. 107.) Downie is a highly respected and useful citizen and one who by the decision of the Courts has contributed materially to the industry where he is employed in important capacity and high authority.

Equity is ranging afield to dismiss the causes on the other patents on the self contradicted word of Clutter against Downie and his supporting witnesses, Elmire, Burge and Oliver.

(g) Since Judge Hahn found that there was no attempt to suppress evidence in the instant cases the Court of Appeals went afield to avenge the alleged wrong through the reliance in the instant cases upon the decrees alleged to have been procured in the Byers case through fraud, but the finding of the District Court in the Byers case was that the decrees there had not been procured through fraud, a finding that the Court of Appeals has thus far refused to disturb. (63 Fed. (2) 996.)

(h) The causes on the fourth and fifth Downie patents were not even in the suit at the time the applications were made for the preliminary injunction. These two patents were added to the suit after the orders denying the preliminary injunctions were entered. The patents were not even issued until after the denial of those applications. Certainly equity will not go the extent of dismissing actions not in being until after the acts upon which fraud is implied, or even found, have been committed.

How far "at large" then must a Court of Equity go to avenge the wrong implied? As to the third and fourth Downie patents it must go to causes which were not in being at the time the wrong is implied to have been committed or when the Byers case was tried and decided or when the instant cases were instituted or until after the preliminary injunction proceedings were instituted. It must go to the Byers case to find a wrong to be implied and imply a wrong which the Judge (Jones) who tried that case found was no wrong and that the witness (Clutter) who charged that there was a wrong had testified falsely about it and, further, found that the subject matter con-

erring which the wrong was said to have been committed was immaterial to any cause involved for three separate reasons.

As to the Clutter and second Downie patents the Court of Equity to imply the wrong must range to the cause on the first Downie patent in the instant suits and thence to the Byers case where the Judge (Jones) found there was no such wrong and that the witness (Clutter) who charges such wrong had perjured himself in making the charge and that, moreover, for three separate reasons the subject matter about which the charge was made was immaterial to the first Downie patent.

Respectfully submitted,

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APPENDIX A.

The evidence relating to the doctrine of "unclean hands" is not only collateral to petitioner's rights in the instant cases, but it is not sufficient to constitute that degree of reprehensible conduct which amounts to unclean hands as to any cause of action involved in the instant cases.

Furthermore, in its brief opposing the petition for certiorari, the respondents went into the facts relating to the "unclean hands" question. Anticipating that this may be done again, we submit below succinctly the facts upon this subject with specific answers to the contentions made on this subject by the respondents in their brief on the petition.

HISTORY OF THE SUBJECT.

(1) The "unclean hands" question did not appear originally in the Byers Case involving the Clutter, Wagner, first and second Downie patents.

(2) It first appeared in the instant cases wherein the accusing witness Clutter did not appear before Judge Hahn, nor did the Notary nor Oliver. (Clutter's testimony was by deposition; on the subject of unclean hands in a second deposition.)

(3) The Byers Case was then reopened and reheard by Judge Jones upon the order of the Court of Appeals; whereupon Clutter, Downie, the Notary, Oliver and others appeared and testified.

(4) The Court of Appeals reviewed Judge Hahn's conclusions on the subject, but did not review Judge Jones' views on the subject.

It follows that the conclusions of Judge Jones are entitled to great weight because he saw and heard the witnesses himself. His findings of facts, therefore, should not be disturbed under the following authorities: *Adamson v. Gilliland,* 242 U. S. 350, 61 L. Ed. 356; *St. Paul Plow v.*

Starling, 140 U. S. 184, 35 L. Ed. 404; *Backer v. Hook,* 295 Fed. 261, (C. C. A. 6); *Gulf Smokeless v. Sutton,* 35 Fed. (2) 433 (C. C. A. 4); *Pugh v. Snodgrass,* 209 Fed. 325 (C. C. A. 6); *Vandenburgh v. Truscon Steel,* 277 Fed. 345 (C. C. A. 6).

ADDUCING AFFIDAVITS IN ADVANCE OF THE TRIAL.

(1) Every patent lawyer and every patent Court is familiar with the attempts to glorify failures in the art to successes in an attempt to invalidate a patent that has been sustained by the Courts. Too often evidence "is tortured, or fabricated outright" to build up such defenses, to use the terms of this Court (143 U. S. 285), which terms have been adopted and followed by all patent Courts, as the many citations to that opinion prove. A plaintiff has but one defense against this practice and that is to interview those familiar with the facts before there is occasion for them to torture or fabricate the evidence and, if possible, secure affidavits recording and preserving the truth. This obviously commendable practice records the facts as of some time (often years) before the trial and enables a patentee to determine the validity or invalidity of his patent against that defense that he may decide in advance whether to sue on his patent or not. This has come to be the general practice and has checked the evils pointed out in the above quoted terms by this and other Courts. That was the purpose and the only purpose of securing Clutter's affidavit here. (Vol. II, p. 1010.)[12]

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[12] Mr. Downie testified (Vol. II, p. 1010) as follows:

"A. No, sir, there was no understanding that he was to keep quiet about what he had done at Joplin. In fact *the object was to get into the court definitely and to guard against his mis-recollection just what he had done at Joplin;* and I think I advised Mr. Clutter that I was securing his affidavit for that reason and because the attorneys said that it was advisable to do so in matters of where earlier experiments had been carried along on a line similar to that in question."

Plaintiff knew of what Judge Jones found to be the Joplin abandoned experiment prior to the institution of the first suit on these patents and on the advice of its patent counsel had Mr. R. R. Downie interview a Mr. "Burn" Clutter and Mr. Herbert Wallower and secured from them affidavits of the true character of this Joplin experiment and machine, upon the basis of which counsel advised that the suit be instituted. The facts (with one exception, and that against the plaintiff) in the affidavits were established to be correct and supported by the testimony of many witnesses later taken in the instant cases (Vol. V, pp. 142-146) regarding the Joplin work and experiment, as was found by Judge Jones (Vol. V, pp. 2 to 5) and supported by the conclusions and decrees of Judge Hahn. The Clutter affidavit is printed at page 1319 of Vol. IV of the record, and the Wallower affidavit at page 183 of Vol. III of the record. Nobody has made any complaint about the taking of the Wallower affidavit, but the taking of the Clutter affidavit was thought by Judge Hahn to be "a reprehensible act, a fraud upon the Courts, * * * a fraud on subsequent claimed defendant infringers" and "upon the public." (R. Vol. II, p. 1091.) The Sixth Circuit Court of Appeals also thought that the taking of the affidavit was reprehensible. It does not seem to us reprehensible to record in 1925 the truth of events happening in 1920 that they may the better be preserved for 1930 when they will be testified to, even if the affiants are paid for the affidavits. If the pay were for false affidavits it would be reprehensible. A party seeking to preserve such evidence against efforts to "torture or fabricate" is without the power of subpoena or other legal process and must resort to bargaining to thus record and preserve the truth. It is common to pay experts for affidavits such as are filed under General Equity Rule 48 and to pay others compensation for time, trouble, etc. Clutter was paid for testifying by de-

fendants in these cases (Vol. V, p. 57) and by defendant in the Byers Case. (Vol. V, p. 58.) Counsel for defendants at the trial of the instant cases at Toledo, in referring to their first meeting with Clutter, used the following words:

> "The fact of the matter is when we first got hold of Mr. Clutter he wanted money from us."

What, if any, compensation is paid goes to the weight of the evidence.

It is common to take affidavits regarding such matters for use in interlocutory proceedings, such as applications for preliminary injunctions, and the like. The Patent Office requires that every inventor sign and file with his application an oath relating to prior uses, abandonment, and matters of that kind. If it were reprehensible to go out and get such an affidavit as Clutter's affidavit, the whole practice in the Patent Office and in procedures on interlocutory proceedings in litigations would be reprehensible for the same reason.

The adducing of the affidavits was, therefore, done on the advice of counsel as the only means of meeting a situation that has been pointed out by this and a hundred other Courts as deplorable with at least the implied suggestion that there ought to be a remedy for it. The Courts have time and again deplored that this evidence in patent cases is so stale when it is submitted to the Court. We know of no way to preserve it except by recording it in affidavits.

The claim by Clutter that he did not know he was signing an affidavit was, as Judge Jones said, effectively controverted by the Notary before whom he swore to the affidavit. (Vol. V, p. 2.)

The conclusion of the Court of Appeals that the Clutter affidavit was "possibly not in strict accord with the facts" is erroneous. (Vol. V, pp. 140-144.)

(2) **The purchase of patent rights whose value is contingent upon the outcome of litigation for consideration contingent on the litigation** is also common, if not universal, in view of the failure of so many patents when put to the test of litigation.

Clutter claimed to have patent rights in the Joplin machine. Mr. Downie then believed he had an application in the Patent Office for a detail of the scoop (Vol. II, p. 997) and agreed to purchase the same from him provided the payments should be contingent upon the outcome of the litigation on the Downie patent, No. 1,511,114 to which Clutter's alleged improvements related and which improvements would be of little value if that patent fell. This is the usual modern deal regarding unadjudicated patent rights of all kinds. In view of the uncertain outcome of patent litigation no one nowadays purchases patent rights without basing the remuneration on the outcome of litigation upon which the value of such patent rights depend, since those rights or those upon which they hang may be limited or invalidated altogether in subsequent litigation. Such practice of necessity makes the patent owner, often the inventor, and those allied with him, hostile to infringers or others who challenge his rights. This practice of making patent deals contingent upon the outcome of patent litigation is as common as the adducing of affidavits in advance to prevent torturing of evidence in patent cases. Nevertheless, the Court of Appeals thought it was reprehensible for Mr. Downie to make such a deal with Clutter.

While it would appear that Clutter's compensation was high, examination shows that it was not unusual, especially for the high price days of 1925. A substantial part of the $4,000 credit was necessarily profit of the plaintiff and such expenses as sales expense, demonstration expense was

saved, so that it is fair to say that Clutter was to be paid perhaps about $2,000 for his improvements and the affidavit.

The Amount of the Compensation: In considering the size of this sum one must have regard to the methods of doing business in the ditching machinery trade. Clutter was an old employee of the Keystone Company. (Vol. V, pp. 58.) He had been a demonstrator for the company and was skilled in exhibiting the company's machinery. (Vol. V, p. 568.) Clutter was beating in the New York New Jersey metropolitan districts, the heart of the use of ditching machinery. Those in the market for ditching machinery naturally go about to jobs where the ditching machinery of the rival manufacturer thereof is being employed and watch its use and demonstration by the contractors employing it. (Vol. I, p. 317; Vol. V, p. 88.) Clutter was, therefore, in a position to do the plaintiff much good by way of demonstrating and recommending its machinery to those in the market for such machinery, and it was to the interests of the plaintiff that he should be equipped with the plaintiff's machinery and be in a position to demonstrate it. Moreover, Clutter had been formerly employed by the Keystone Company and were he successful in the contracting business, it would be logical to conclude that he would be a user of the plaintiff's machinery for a good many years to come. It was to the interests of the plaintiff for these reasons also to have Mr. Clutter well launched in the contracting business with the plaintiff's equipment. Every one who has bought an automobile in the last fifteen years is familiar with the great variety of schemes used to reduce the price of the automobile to the particular purchaser without appearing to have cut the list price. When Clutter was failing his appeals for help to the plaintiff, his former employer, and to Downie, who as a boy had worked in the role of an apprentice to him, were difficult to reject. (Vol. II, pp. 999 and 1000.)

It is impossible to divorce the transactions from these human and business considerations.

Clutter's Testimony Opposed to That of Elmire, Oliver, the Notary, Downie, and Others: When news of the sustaining of the patent by Judge Jones came to Clutter, he did just what plaintiff thought he would do and just what this Court said such people will do. (143 U. S. 284 and 285.) It occurred to him that he could make some money ($5,000.00 —or more, he said, Vol. V, p. 54) by suppressing or torturing the evidence one way or the other. Plaintiff was first approached by Clutter's brother and another (Vol. V. p. 1098) with actions having a "blackmailing aspect" to quote Judge Hahn. (Vol. V, p. 1098.) They were rebuffed by plaintiff. Clutter then became extremely hostile to plaintiff and started, under an assumed name, to peddle his evidence for a price among the infringers until someone told him it was "illegal" (Vol. V, pp. 54-55) and it not occurring to him that "it might be honest to give it for nothing," to quote Judge Jones (Vol. V, p. 55), the matter rested until his deposition was taken in the instant cases.

Clutter, or whoever was advising him, found his affidavit standing in the way of torturing the evidence, so it must have been planned, for effort was made, to obviate it by denial by Clutter that he had executed it. This testimony was, as Judge Jones said, effectively controverted by the Notary before whom the affidavit was executed. (Vol. V, pp. 105 and 107.) Judge Jones found Clutter to be dishonest and that his evidence could not be believed. (Vol. V, pp. 2 to 4.) Clutter and the Notary were not before Judge Hahn. Clutter's accusations were denied by Mr. Downie and for the most part by a supporting witness Elmire. Much that he said was denied by the Notary, by Oliver and by others.

Judge Jones also found the Joplin work was an abandoned experiment, did not anticipate if proved to be a public

u s and was not proved under the rule in the *Barbed Wire Case*, 143 U. S. 275. Judge Hahn and Judge Jones each sustained the Downie patent No. 1,511,114 over the same Joplin proof that is in the instant cases. These holdings stand undisturbed.

Not until after the defendants in the instant cases had adduced all their evidence on the Joplin defense and found it useless did Clutter raise the claim of suppression.

The whole plot is clear to those familiar with proceedings regarding the efforts to glorify abandoned experiments in patent cases as it was to the learned justices who wrote the opinions of the Court in the *Barbed Wire*, the *Eibel Process* and other cases. The patents in these suits had been well and broadly sustained in the Byers Case against all the pertinent art and defenses well and carefully presented to learned Courts. The defendants in these cases were desperate and vigilant searches developed no defense so good as those already rejected. In these straits Clutter was ready with the evidence he had peddled about to others without success. (Vol. V, p. 57.) At much expense the evidence of Clutter, as the star witness, and many others was taken, with the sole result that the allegations in the Wallower and Clutter affidavits to the effect that the Joplin work was an abandoned experiment; and that the Joplin machine did not anticipate was proved, as Judge Jones later found. Moreover, the evidence found was insufficient to establish the defense, as Judge Jones found.

Time and money had been spent only to strengthen the plaintiff's cause. Then, and not until then, was the suppression theory sprung. But before the suppression theory could be expected to take any hold at all, the Clutter affidavit must be disposed of for who would believe a deal about suppression when the affidavit was executed in a Sheriff's office, or who would believe Clutter did not know he was signing an affidavit when he signed the paper in the

Sheriff's office? The Sheriff's clerk was a law officer and the Sheriff's office was a law office. Whoever planned the Clutter story, found by Judge Jones to be false, knew that nobody would believe Clutter if he said he went with Downie and Elmire to the Sheriff's clerk in the Sheriff's office to sign an agreement to suppress evidence. Hence Clutter told the tale that he did not know the notary, he did not know he was signing an affidavit, he did not swear to it, it was signed at home, etc., all of which was false as the Notary and Mr. Downie and Mr. Elmire testified and as Judge Jones found. Defendants paid Clutter for this testimony which turned out to be false. (Vol. V, pp. 57 and 58.)

Is it any more of a fraud on the Courts and the public to pay Clutter for an affidavit which turned out to recite the truth than to pay him for testimony which turned out to be false?

Clutter did not intentionally admit that he had not suppressed the evidence. He did so unwittingly. He is a dullard as well as dishonest and careful questioning quickly developed the falsity of his claims. (Vol. V, pp. 35 to 50.)

From all this it results that one speculating could more easily imply one of those conspiracies to fabricate or torture evidence which this Court has found so common in these cases and conclude that Clutter's perjury to establish "unclean hands" by the plaintiff was planned than to "imply" that Clutter was intended to be placed under suppressive influence by the plaintiff.

That Clutter repudiated his affidavit is certain. That he said he suppressed evidence that he did not suppress; that his story of the circumstances and the locality of the signing of his affidavit were false and deliberately planned to be falsely represented and testified to, are certain. We say without fear of contradiction that Clutter has since repudiated his evidence of these circumstances and locality

and said that Downie and the notary testified correctly with regard thereto. It results that "the blotch" may not be on the plaintiff's escutcheon after all, but it is certain that the blotch, if any there is, is small and doubtful, and certainly not such as would justify a Court of Equity in ranging from cause to cause and suit to suit to avenge it.

Argument: The particular points raised by the respondents in their brief on the Petition we now answer specifically:

They say there was fraud. Judge Jones who was the only judge who saw and heard the witnesses found otherwise. (Vol. V, pp. 2, 109; Exhibits "A" and "F".)

They say there was a public use at Joplin. Judge Jones decided otherwise. (Vol. V, p. 2.) Judge Hahn sustained the patent in the face of such proof as did Judge Jones. No Court has held to the contrary.

They say the Joplin experiment anticipated the Downie patent. Judge Jones found it did not. Judge Hahn and Judge Jones sustained the patent in the face of the proof. No Court has held to the contrary. They themselves charge that only claims 6, 9, 10, 12 and 13 read directly on the Joplin machine.

They claim the Downie patent was the principal patent upon which these suits have been brought. This is not correct. The Clutter patent is the principal patent and was so found by all the Courts. (*Byers vs. Keystone*, 44 Fed. (2) 283, 284.)

They say the records upon which the unclean hands is based were forced out of our hands by their activities in uncovering the evidence. This is incorrect. We produced them upon request as soon as we learned Judge Hahn thought the evidence should be submitted.

We offered to produce it without an order. A motion of the respondents to compel such production was thereupon denied. (Vol. I, p. 205; Vol. II, p. 1099.)

They claim that the patents are so related to each other that fraud as to one is fraud as to all. This is answered by the fact that the Court of Appeals said that they might be separated in the District Court. (Vol. V, p. 124.) The fact that the Court of Appeals said they might be separated in the District Court is also answer to the conjoint use contention.

They said that the adjudication in the Byers Case was "fraudulently obtained" but Judge Jones, the trial Judge in that case and the only Court specifically ruling on that question, held the contrary and the Court of Appeals dismissed the attempted appeal therefrom.

They say a public use was suppressed by the Keystone Driller Company and a fraudulent decree obtained, but Judge Jones found there was no public use and "no suppression of evidence materially affecting the defendant's rights." The Court of Appeals dismissed the efforts to have this ruling reviewed and it stands today a final ruling on that question.

Contention of the Parties: It is the contention of Mr. Downie, the plaintiff and of counsel for plaintiff that the considerations offered to be paid and which were paid to Clutter were (1) for his interests in whatever invention he may have thought to have made on the Joplin machine at the time of the agreement that were patentable and (2) for the execution of the affidavit. All of the written documents in evidence support this position. The proposed agreement of April, 1925 (Vol. IV, pp. 1298 and 1299), supports that contention. So does the statement in the letter of Clutter to Downie on the 13th of November, 1928. (Vol. IV, pp. 1315 to 1316.) So does the letter of Downie to Clutter at Vol. III, p. 246.

There is no statement in any of these many letters that any of the consideration agreed to be paid or paid was for the suppression of Clutter's testimony.

The claim that there was any agreement or any consideration paid for the suppression of evidence depends entirely upon inferences which the facts do not warrant. Thus Judge Hahn said (Vol. II, p. 1089):

> "It seems to me that while many of his (Downie's) acts, *taken singly*, might be explained upon such a basis, *the effect of all of them* is to condemn his conduct as highly reprehensible."

Some of these acts, such as the choice of words, seem to us unimportant. Thus he said (Vol. II, p. 1089):

> "The use of the words 'experimentation' and 'abandoned' in the affidavit it seems to me were particularly reprehensible under the circumstances of this case."

It is difficult to come to the conclusion that fraud or unclean hands could result from the selection of words.

Many of the "acts" from which these inferences were drawn were found to be erroneous when Clutter was brought in person before the Court.

Thus Judge Hahn said (Vol. II, p. 1090):

> "There is no doubt that because of the signing of the contract and the offer of the consideration partly contingent upon the litigation, Clutter was kept *in a quiescent state* until after the decree had been entered in the Cleveland case, and all of Downie's acts and efforts were designed to bring about that result."

Before Judge Jones, Clutter admitted that instead of being kept in a quiescent state, he had told a number of people about the Joplin work and machine during the period when Judge Hahn had erroneously thought that the acts of Downie had kept him in a quiescent state. (Vol. V, pp.

35 to 50.) To the same effect was the testimony of Mr. Smith. (Vol. V, p. 72.)

There are a number of other things besides the testimony before Judge Jones which are inconsistent with a conclusion that the deal was for the suppression of evidence and not for Clutter's rights and the signing of his affidavit, as Downie said and as Clutter said up until the time of the taking of his second deposition in the instant cases.

(1) It is significant that just prior to any period of important activity in the Byers Case there was a row between Clutter and the plaintiff. The trial of the Byers Case began September 15, 1927. Clutter's first machine was repossessed by plaintiff in June, 1927. On August 11, 1927 plaintiff repossessed the second of Clutter's machines over his protests and threats of what he would do to the plaintiff. (Vol. V, p. 73.) If plaintiff had been keeping him quiescent or under suppression, certainly plaintiff would not have thus repossessed his machines and embittered him just prior to the trial of the Byers Case.

On the contrary whenever Clutter during the period when he claimed to be under suppression made threats (Vol. V, p. 59) to the plaintiff that he would talk about the Joplin work, which he admitted he did (Vol. V, p. 59), the plaintiff told him that "he could tell whom he pleased about that Joplin work and experiment." (Smith, Vol. V, p. 73.) He was told this, for example, about a month before the beginning of the trial in the Byers Case. Mr. Downie testified (Vol. II, p. 104) as follows:

> "There was more than a little of threat finally apparent when our New York office advised him (Clutter) that they had been ordered unequivocally to proceed, and it could amount to nothing more nor less in my own layman's understanding of the term of blackmail, even though Mr. Clutter was friendly; it was just that he seemed to believe that by my transaction

with him in 1925 I was making some effort to enlist his good graces, and that the deferred payment was for that purpose, to keep him hushed. *Now, I told him in 1927 that for all of me or of us he could put anything and everything he knew in as many newspapers as he liked;*"

and at page 1032:

"But as to our fear of his relating to the Byers Company, or any other, what he had one at Joplin, I said, as I said previously, *he could put that in the newspapers if he wanted to;*"

(2) The Byers case was argued before Judge Jones on January 9, 1929 and decided by him January 23, 1929. During November and December there was correspondence between Clutter and Mr. Downie in which Clutter demanded more money and in which Downie refused to give him any more money. This correspondence culminated in the letter of December 17, 1928 (Vol. III, p. 246), which was a reply to a communication from Clutter in which he had called Downie and the plaintiff "all these hard names." Certainly if Clutter had been paid to suppress evidence, plaintiff would not have antagonized him to such an extent that he called the plaintiff and Downie many hard names just about a month before the Byers Case was argued before Judge Jones.

(3) It would have been a futile thing to do to undertake to suppress Clutter's testimony regarding the Joplin work because that work was done outdoors and seen by thousands of people, many of whom were contractors and others skilled in the art who understood what was being done. (Vol. V, pp. 88, 41.) Clutter did not know as much about the details of the Joplin device as others. (Vol. V, p. 42.) Clutter was in no better position to say whether the work was an abandoned experiment or a public use than Wallower, Oliver, or many others who saw the work.

(4) A copy of the affidavit of Clutter was given to plaintiff's solicitor, who kept it independently of the copy that was kept by Mr. Downie. The Wallower affidavit was adduced by Mr. Oliver who was familiar with its contents as, of course, was Mr. Wallower. These things we say evidence an intention to record and preserve and not to suppress the evidence.

(5) Mr. Downie and the plaintiff disclosed all of the information he had regarding the Joplin work and machine to the various patent counsel representing the plaintiff in the Byers Case and in the instant cases with the suggestion that counsel disclose the information regarding the Joplin work and machine to the trial Court if that were the proper procedure. (Vol. II, pp. 993 to 995.) Mr. Downie also discussed freely and disclosed all he knew about this Joplin experiment and work to his solicitor, Mr. Siggers and to others, including Oliver and Ransom, and other employees of the plaintiff coming and going, when there was occasion to discuss it. (Vol. II, pp. 989, 991, 1029, 1030 and Vol. V, p. 100.) None of these were placed under or even asked to remain secret or suppress evidence about the Joplin work or machine. On the contrary, one of these at least, Hazen, was commissioned to go forth on an errand which necessarily involved disclosing the Joplin story and machine to many people. (Vol. II, pp. 994, 995, 1031.)

The Courts Below Made Inferences as to Unclean Hands Unwarranted by the Record. (Vol. II, p. 1089; Vol. V, pp. 120, 123.) We will now discuss these inferences:

(1) Mr. Downie said that at the time he agreed to give Clutter the credits he believed that Clutter had a patent application on some detail of the machine at Joplin which might be important in supplementing the patents of the Keystone Driller Company upon this ditching machine

(Vol. II, p. 997), and that though later he learned that Clutter had no such patent application, the company was honest enough to carry out the agreement which it had made. Judge Hahn thought that Downie was too clever to thus buy a pig in a poke. (Vol. II, p. 1091.) Yet always prior to his second deposition Clutter himself said that the credit was given for what he calls his invention. (Vol. IV, p. 1916.) All of the witnesses who testified upon this subject, both for defendants and for plaintiff, are agreed that the credit was in part payment for such improvements as Clutter might have. Therefore this inference is contrary to all of the testimony in the record.

(2) The Court of Appeals said Downie filed the application for his patent without thoroughly investigating the Joplin work and machine. This is contrary to the testimony. (Vol. II, pp. 989 and 1029.) All of this was reported to Mr. Siggers who was then the patent solicitor for the plaintiff.

The learned Judges of the Court of Appeals thought that after the issue of the Downie patent, there was doubt and uneasiness on the part of the plaintiff regarding the Joplin use. (Vol. V, p. 120.) The record shows, however, that investigation was made not because of any doubt or uneasiness, but on the recommendation of Mr. Siggers, the patent lawyer of the company, that the information regarding Joplin be recorded and preserved "*for the purpose of recording the facts of it against any possible misunderstanding, subsequent misunderstanding, of those facts.*" (Vol. II, p. 991.)

(3) The learned Judges of the Court of Appeals said (Vol. V, p. 121)—

> "The decree in the Byers Case was finally entered January 31, 1929, and it was not until about that time that the payment of any further consideration to Clutter was definitely refused."

The decree in the Byers Case was finally entered January 23, 1929. Prior to December 17, 1928, the plaintiff had so definitely refused to pay Clutter any more money that the controversy over the same had resulted in Clutter calling the plaintiff "all these hard names." (Vol. III, p. 240.) As we have elsewhere said, this was before the Byers Case was argued before or decided by Judge Jones.

(4) The learned Judges of the Court of Appeals thought that the Clutter affidavit was "possibly not in strict accordance with the facts." With the exception of one error which is against the plaintiff, the affidavit was in accordance with the facts. (Vol. V, pp. 141 to 144 and the references to the record contained therein.)

(5). The Court of Appeals thought that the taking of the affidavit would make Clutter "an adverse witness for others." The record shows that instead of being adverse to others, he was not only adverse but hostile to the plaintiff when he testified. (Vol. II, p. 1099.)

(6) The learned trial Judge (Hahn) thought that the failure of the plaintiff to call Oliver and Smith, who were available to the plaintiff, should be construed against the plaintiff. These witnesses were called before Judge Jones and their testimony is at Volume V, pages 70 to 105 of the record. We did not call them in the instant causes because, as Judge Hahn said, all the alleged suppressed evidence was in these cases.

(7) The learned trial Judge (Hahn) thought that Clutter was the only man who could testify as to the details of the Joplin machine (Vol. II, p. 1093), but the record shows that others knew the details as well, if not better, than did Clutter. (Vol. V, p. 42.) Clutter was only an operator of the machine; the others who knew the details better were those who constructed the machine and made the numerous changes that were made in it in an effort to make it successful.

(8) Judge Hahn thought that "the clear tendency of the contract was to keep Clutter silent, or, if he testified, to make him a witness hostile to claimed defendant infringers." As we have said, the record shows that Clutter was not silent. (Vol. V, pp. 35 to 50 and p. 72.) The record shows also that instead of the agreement making him hostile to the defendants, it made him hostile to the plaintiff. (Vol. V, p. 50; Vol. II, p. 1099.)

(9) Judge Hahn said (Vol. II, p. 1094):

> "Whatever the witnesses observed and whatever they might be able to testify to, Clutter was the one man who could take the position and make an affidavit that the work at Joplin was an experiment and that it had been abandoned."

The Wallower affidavit took both of these positions. (Vol. III, p. 183.) Mr. Oliver testified to both of those things (Vol. V, pp. 84-89), and what is more important Judge Jones took both of those positions. (Vol. V, pp. 2 to 5.)

(10) The Court of Appeals thought that the decision in the Byers Case was an important factor in the prosecution of the application for preliminary injunctions in the instant cases. On this subject they said (Vol. V, p. 119):

> "Those motions were denied, but in lieu of granting them the defendants were required to give bonds conditioned upon the payment of all profits and damages which might be decreed against them, and such bonds were in fact given. In this respect and to this extent *the decision of the District Court in the Byers case became an important factor in the prosecution of the present actions.* Later, when this court affirmed the decree of the District Court, the effect of the Byers case became even more apparent."

Judge Hahn, however, said that at the time these motions for temporary injunctions were presented, he was so impressed with the new defenses and the additional evi-

dence as to prior art that he denied the injunctions, thereby ignoring the adjudications in the Byers Case. He himself said that:

> "*in the circumstances I do not think that Orgin[illegible] the binding effect of the decisions in the Byers Case was in any sense a fraud upon this Court*, even if there had been suppression in the Byers Case of such a nature that this Court would notice it as having a bearing when it comes to the decision of the merits of these cases." (Vol. II, p. 1096.)

It would seem to us that Judge Hahn's statement that the Byers decisions had no effect upon him is a safer guide than the Court of Appeals' belief that it did have some effect upon him.

Thus we find that substantially all of the inferences which Judge Hahn and the Court of Appeals relied upon to build up their findings of fraud are in error. It is true that some of these were not proven to be in error until the matter was aired out fully before Judge Jones.

Judge Jones' conclusion that there was no fraud or suppression was not based upon any inferences at all, but is a straight finding from the evidence which was submitted to him and to him only. He did not imply or deduce or undertake to argue his auditor into such findings as that Clutter's "testimony is false," "his credibility has been so impaired as to effectually destroy its weight," "there was no suppression affecting the rights of the defendant," "Clutter was under no suppressive influence or obligation at that time respecting his alleged invention or prior use," "the Joplin machine was not satisfactory and was never perfected," "it was an abandoned experiment," it did not constitute "anticipation of the Downie patent," "I find myself unable to visualize a completed and successful invention at Joplin. *The Barbed Wire Patent*, 143 U. S. 275, 284, 289." He found these things definitely and conclusively and moreover, decreed them.

It results from all of these things that the facts are that there was a private conversation between Mr. Clutter and Mr. Downie in April, 1925. Mr. Clutter says that Mr. Downie then and there agreed with him to suppress the evidence. Mr. Downie denies that he did. With whom does the corroboration lie? The facts are that after the conversation both Mr. Downie and Clutter went forth and talked about the Joplin work and the Joplin machine to anyone whenever they had respective occasions to do so. Clutter testified (Vol. V, pp. 35 to 50) *that he talked to Mr. Wagner, Mr. Matthews, Mr. Burd Clutter, Mr. LeRoy Clutter, and perhaps to others. Mr. V. C. Smith* (Vol. V, p. 72)*-said that Clutter talked with him about it. Mr. Downie talked to Mr. Hazen, Mr. Ransom, Mr. Oliver, Mr. Culbertson, Sr., Mr. Culbertson, Jr., Mr. Siggers, Sr., Mr. Janney, Mr. Siggers, Jr., Mr. Richey and [illegible] others. In addition Mr. Downie commissioned Mr. Oliver to go forth and talk to Mr. Wallower and Mr. Hazen to talk about it to anyone who might be thought to know where one of the old Joplin scoops could be found. Mr. Smith talked of the subject here and there on his own authority.*[18] *These facts corroborate Mr. Downie's story and dispute Mr. Clutter's story.*

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[18] The following illustrates not only how general was the discussion of the plaintiff's representatives, but of everybody else regarding this Joplin work. Mr. V. C. Smith testified as follows (Vol. V, pp. 77 and 78):

"Q. Did you make any trips out west between 1925 and September, 1927?

"A. Yes, sir.

"Q. And what was the earliest ones of those trips?

"A. The latter part of '25, I believe.

"Q. And did you on that trip talk with anybody about this Joplin machine and Joplin work?

"A. I did.

"Q. With whom?

"A. Mr. Lisle Hazen, Mr. Eugene Blosser, Mr. Carter,—the first name I don't know.

"Q. J. L. Carter?

"A. I don't remember his first name.

(Footnote continued on page 38.)

The burden was upon the respondent to prove by clear and convincing evidence that the credits were given to Clutter for fraudulent purposes. In undertaking to meet this situation, respondent claims that the credits were for (1) suppressing the evidence and (2) for procuring an affidavit not in strict accordance with the facts. The first proposition is disposed of by the proof which we have above summarized to the effect that the evidence was not only not suppressed, but was broadcast by both Clutter and the

"Q. Anybody else you remember?

"A. A contractor in Tulsa, Canady, or something like that.

"Q. H. L. C-a-n-a-d-y?

"A. I believe that is it.

"Q. What did he say to you?

Mr. Zane: Object to it as hearsay.

The Court: Objection sustained.

"Q. Did you also talk to Mr. Eugene Blosser?

"A. I mentioned Mr. Blosser's name.

"Q. Mr. H. C. Hutchison?

"A. Yes.

"Q. Mr. Dell Willard?

"A. I am not certain of Mr. Willard, whether I am confusing him with another man who is located at the plant. I did talk with someone who was at the plant, who had been there during the time this was tried and the experiment discontinued.

"Q. Have you named all you talked to on the first trip to the Joplin work or Joplin experiment?

"A. I think so.

"Q. When was you next trip out there?

"A. Possibly four or five months later.

"Q. And did you talk to anyone on that trip?

"A. More or less the same men. On that particular trip I took Mr. Blosser and Mr. Hazen down to Texas to investigate the possibilities of establishing several agencies through the West.

"Q. Did you talk to Mr. Ross Blake?

"A. I talked to him at a bridge party one night about his watching the experiments being made.

"Q. When was that?

"A. That was on my first trip to Joplin. Mr. Blake was my direct superior, and former secretary.

"Q. What was the date of that trip?

"A. 1925, I think. I am unable to give you the dates exact."

Keystone Driller Company. The second proposition is disposed of by the evidence that the affidavit recites the facts as proved by the adduced evidence, the Wallower affidavit and by Judge Jones' opinion.

In this situation respondent undertakes to prevail by pointing out that Mr. Downie was worsted in the deal wherein a part of the credit was given for such rights as Clutter might have in any inventions he had made in the Joplin machine. We do not think that fraud can be inferred from the fact that Mr. Downie was worsted in the deal. People are frequently worsted in patent deals.

Conclusion: The respondents then have on their side of the slate the conclusions of Judge Hahn and the Court of Appeals that there was fraud which was built on inferences which were unwarranted.

The petitioner has on its side of the slate that substantially all of these inferences are shown to be incorrect and the positive finding by Judge Jones that there was no fraud, at least none affecting the defendants' rights.

The rule is that fraud can be established only by evidence proving it clearly and convincingly. It seems to us that not only was fraud not proved beyond a reasonable doubt in the instant case, as is apparent from the fact that the Courts had to resort to inferences, but that we have proved in Judge Jones' court beyond a reasonable doubt that there was no fraud, and that the latter ought to have prevailed since Judge Jones was specifically assigned by the Court of Appeals to look into the question of fraud, to see and to hear witnesses that Judge Hahn had not seen nor heard, to investigate this question of fraud carefully and report it, all of which he did.

Respectfully submitted,

F. O. Richey,
W. H. Boyd,
H. F. McNenny,
Counsel for Petitioner.

APPENDIX B.

UNITED STATES CIRCUIT COURT OF APPEALS
FOR THE SIXTH CIRCUIT.

No. 5433.

THE BYERS MACHINE COMPANY and
BYERS MACHINE COMPANY,
Appellant,

vs.

KEYSTONE DRILLER COMPANY,
Appellee.

THE BYERS MACHINE COMPANY and
BYERS MACHINE COMPANY,
Plaintiffs,

vs.

KEYSTONE DRILLER COMPANY,
Defendant.

DECIDED JUNE 30, 1931.

Before DENISON AND HICKS, *Circuit Judges.*

PER CURIAM: The application of the original defendants in these cases, praying that leave be granted to the District Court to entertain a bill of review came on to be heard. In view of the arguments and consents of counsel, we think proper to indicate a disposition that will seemingly protect all interests, as far as may be.

We suggest that the decree be entered in the Toledo case, immediately. We see no way in which we can at

present, pass upon the Clutter-Downie-affidavit controversy, or its effect, if any, upon this suit. The record on appeal of the Toledo case can be expedited, this case can be advanced and heard early in the October term. That will bring the matter promptly before us. In the meantime, in the Byers case all these new proofs can be put in before the Master and reported by him to the Court with his accounting report and without delaying that. Counsel will stipulate that copies of the Toledo depositions may be so used, except the Clutter deposition. As to that, he as well as Downie should, if possible, be produced in open court before the District Judge. Upon proof that it is impossible to get Clutter to attend the trial, defendants may take his deposition, giving due opportunity for cross examination. The consideration by the District Court of all proof as to the Joplin use or the Downie-Clutter affidavit matter, will be with the same effect as if the Bill of Review had been entertained. We will make any formal orders necessary to carry this plan into effect.

Entered: June 30, 1931.